Final Terms dated: 03 January 2014

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**3,500,000 Notes (USD 22,855,000) Market Access Notes linked to ordinary shares issued by KINGDOM HOLDING ORD SHS SAR 10.00 (the "Underlying Security") due January 2017 (the "Notes")**

## PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 24 June 2013 in relation to the above Programme, together with each supplemental prospectus relating to the Programme published by the Issuer after 24 June 2013 but before the issue date or listing date of the Notes, whichever is later, to which these Final Terms relate, which together constitute a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing during normal business hours at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and www.hsbc.com (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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|---|---|---|---|
| 1. | Issuer: | | HSBC Bank plc |
| 2. | Tranche Number: | | 1 |
| 3. | Settlement Currency: | | United States Dollar ("**USD**") (the "**Specified Currency**") |
| 4. | Aggregate Principal Amount | | |
| | (i) | Series: | **3,500,000** Notes (USD **22,855,000**) |
| | (ii) | Tranche: | **3,500,000** Notes (USD **22,855,000**) |
| 5. | Issue Price: | | 100 per cent. of the Aggregate Principal Amount |
| 6. | (i) | Denomination(s): | USD 6.53 |
| | (ii) | Calculation Amount: | USD 6.53 |
| 7. | Issue Date: | | 06 January 2014 |
| 8. | Maturity Date: | | 09 January 2017 |

**PROVISIONS RELATING TO ADDITIONAL PAYMENTS AND INTEREST (IF ANY) PAYABLE**

| | | |
|---|---|---|
| 9. | Default Rate: | 1 week USD-LIBOR plus 1 per cent., reset daily |

**PROVISIONS RELATING TO REDEMPTION**

10. Redemption Commission Percentage: 1.00 per cent.

11. Early Redemption Amount: Fair Market Value

12. Buy-Back provisions: Applicable

**PROVISIONS APPLICABLE TO EQUITY-LINKED NOTES AND INDEX-LINKED NOTES**

13. Provisions for Underlying Equity-Linked Notes: Applicable

(a) Underlying Security-Linked Notes: Applicable

| **Underlying Securities (including ISIN or other security identification code)** | **Underlying Companies** | **Number of Underlying Securities per Note** | **Exchange(s)** | **Related Exchange(s)** |
|---|---|---|---|---|
| ordinary shares issued by the Underlying Company (ISIN SA31RG522S19) | KINGDOM HOLDING ORD SHS SAR 10.00 | 1 | The Saudi Stock Exchange (Tadawul) | All Exchanges |

(i) Underlying Securities: The Underlying Securities specified in the above table

(ii) Underlying Companies: The Underlying Company specified in the above table

(ii) Extraordinary Dividend: Condition 1A applies

(iii) Exchange(s): The Exchange specified in the above table

(iv) Related Exchange(s): The Related Exchange specified in the above table

(v) Underlying Currencies: SAR

(vi) PRC Underlying: No

(vii) Additional Disruption Events: Change in Law, Insolvency Filing, Hedging Disruption, Increased Costs of Hedging, Currency Event, Security Redemption, Underlying Company Default

(b) Underlying Fund-Linked Notes: Not Applicable

(c) Underlying ETF-Linked Notes: Not Applicable

14. Further provisions applicable to all Underlying Equity-Linked Notes: Not Applicable

15. Provisions for Underlying Index-Linked Notes: Not Applicable

16. Further provisions applicable to Underlying Index-Linked Notes: Not Applicable

**VALUATION AND AVERAGING PROVISIONS**

| | | |
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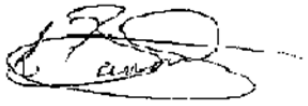
| 17. | Valuation Date(s): | 02 January 2017 |
| 18. | Valuation Time: | The definition in Condition 1A applies |
| 19. | Averaging Dates: | Not Applicable |
| 20. | Averaging Date Market Disruption: | Not Applicable |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | | |
|---|---|---|---|
| 21. | Form of Notes: | | |
| | (i) | Form of Notes: | Registered Notes |
| | (ii) | Bearer Notes exchangeable for Registered Notes: | Not Applicable |
| 22. | If issued in bearer form: | | Not Applicable |
| 23. | Exchange Date for exchange of Temporary Global Note: | | Not Applicable |
| 24. | If issued in registered form: | | Applicable |
| | - Initially represented by: | | Combined Global Registered Note |
| 25. | Payments: | | |
| | (i) | Relevant Financial Centre Day: | New York |
| | (ii) | Business Centre(s): | New York, London |
| | (iii) | Payment of U.S. Dollar Equivalent: | Not Applicable |
| | | - Offshore RMB Centre: | Not Applicable |
| 26. | Redenomination: | | Not Applicable |

**CONFIRMED**

**HSBC BANK plc**



By: L Barrett

*Authorised Signatory*

Date: .....

## PART B – OTHER INFORMATION

### LISTING

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| 1. | (i) | Listing: | Application will be made to admit the Notes to listing on the Official List of the United Kingdom Financial Conduct Authority. No assurance can be given as to whether or not, or when, such application will be granted. |
| | (ii) | Admission to trading: | Application will be made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc. No assurance can be given as to whether or not, or when, such application will be granted. |

2. **REASONS FOR THE OFFER AND USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

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| (i) | Reasons for the offer and use of proceeds: | Not Applicable |
| (ii) | Estimated net proceeds: | Information not provided |
| (iii) | Estimated total expenses: | Information not provided |

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Dealer(s), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. The Dealer(s) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4. **INFORMATION ABOUT THE UNDERLYING**

Details of past and further performance and volatility of the Underlying Securities are obtainable from the following display pages on Bloomberg and such information does not form part of this document: (Source: Bloomberg Financial Markets Information Service) KINGDOM AB. Details relating to the Underlying Securities and the issuer of the Underlying Securities are available on the following website of the issuer of such Underlying Securities: WWW.kingdom.com.sa. The Issuer confirms that the information sourced from Bloomberg Financial Markets Information Service and the website of the issuer of the Underlying Securities has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from information available from such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### OPERATIONAL INFORMATION

| | | |
|---|---|---|
| 5. | ISIN Code: | XS1013618027 |
| 6. | Common Code: | 101361802 |
| 7. | SEDOL: | BHWR7D9 |
| 8. | CUSIP: | Not Applicable |
| 9. | Clearing System: | Euroclear, Clearstream, Luxembourg |
| 10. | TEFRA Rules applicable to | TEFRA Not Applicable |

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| | Bearer Notes: | |
| 11. | Principal Paying Agent/Registrar/Issue Agent/Transfer Agent: | HSBC Bank plc |
| 12. | Additional Paying Agent(s) (if any): | Not Applicable |

ANNEX

| | | |
|---|---|---|
| | | **Section A – Introduction and Warnings** |
| **A.1** | **Introduction:** | This summary must be read as an introduction to this prospectus and any decision to invest in the Notes should be based on a consideration of this prospectus as a whole by the investor, including any information incorporated by reference.<br><br>Where a claim relating to the information contained in this prospectus is brought before a court in a Member State of the European Economic Area, the claimant might, under the national legislation of the Member States, be required to bear the costs of translating this prospectus before the legal proceedings are initiated.<br><br>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in such Notes. |
| **A.2** | **Consent by the issuer for the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries, an indication of the offer period for which consent is given, and any other clear and objective conditions attached to such consent:** | Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive and there will be no public offer of the Notes. |
| | | **Section B – Issuer** |
| **B.1** | **Legal and commercial name of the issuer:** | The legal name of the issuer is HSBC Bank plc (the "**Issuer**") and, for the purposes of advertising, the Issuer uses an abbreviated version of its name, HSBC. |
| **B.2** | **Domicile and legal form of the issuer:** | The Issuer is a public limited company registered in England and Wales under registration number 14259. The liability of its members is limited. The Issuer was constituted by Deed of Settlement on 15 August 1836 and in 1873, registered under the Companies Act 1862 as an unlimited company and re-registered under the Companies Acts 1948 to 1980 as a public limited company.<br><br>The Issuer is subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, *inter alia*, the UK Financial Services and Markets Act 2000, as amended, for the purposes of which the Issuer is an authorised person carrying on the business of financial services provision. In addition, as a public limited company, the Issuer is subject to the UK Companies Act 2006. |
| **B.4b** | **Trends:** | Signs of stabilisation in the Eurozone are emerging but the political and economic challenges remain considerable. In the Eurozone periphery growth is still absent, unemployment rates are high and debt projections continue to be revised up. Economic activity is expected to remain subdued. |

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| | | The Issuer expects a contradiction of GDP of 0.6 per cent in the Eurozone in 2013,<br><br>In the first half of 2013 the UK economic data has improved. However, the recovery remains fragile as inflation continues to outpace wage growth, meaning real terms pay is falling, restraining consumer demand. The Issuer expects the UK to grow by 0.8 per cent in 2013 which, while weak, is an improvement over 2012. |
| **B.5** | **The group:** | The whole of the issued ordinary and preference share capital of the Issuer is beneficially owned by HSBC Holdings plc ("**HSBC Holdings**", together with its subsidiaries, the "**HSBC Group**"). The Issuer is the HSBC Group's principal operating subsidiary undertaking in Europe.<br><br>The HSBC Group is one of the largest banking and financial services organisations in the world. Its international network covers 80 countries and territories in six geographical regions: Europe; Hong Kong; Rest of Asia-Pacific; Middle East and North Africa; North America; and Latin America. Its total assets as at 30 June 2013 were US$ 645 billion. |
| **B.9** | **Profit forecast:** | Not Applicable. There are no profit forecasts or estimates made in this prospectus. |
| **B.10** | **Audit report qualifications:** | Not Applicable. There are no qualifications in the audit reports on the audited, consolidated financial statements of the Issuer and its subsidiary undertakings for the financial years ended 31 December 2011 or 2012. |
| **B.12** | **Key financial information:** | The selected financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2012. and the unaudited consolidated interim report of the Issuer for the six months ended 30 June 2013. |

| | **Year Ended** | | **Half –year** |
|---|---|---|---|
| | **31 December 2011** | **31 December 2012** | **To June 2013** |
| **For the period (£m)** | | | |
| Profit before tax | 3,111 | 1,004 | 2,273 |
| Total operating income | 16,205 | 15,407 | 8,377 |
| Net operating income before loan impairment charges and other credit risk provisions | 14,023 | 12,488 | 6,925 |
| Profit attributable to shareholders of the parent company | 2,329 | 2,384 | 1,681 |
| **At period end (£m)** | | | |
| Total equity attributable to shareholders of the parent company | 31,090 | 31,675 | 31,911 |
| Risk weighted assets | 227,679 | 193,402 | 200,368 |
| Loans and advances to customers (net of impairment allowances) | 288,014 | 282,685 | 282,498 |
| Customer accounts | 346,129 | 324,886 | 355,373 |
| Ratio of customer advances to customer accounts | 83.2 | 87.0 | 79,5 |
| **Capital ratios*** | | | |
| Core Tier 1 ratio | 9.1 | 11.4 | 11.1 |
| Tier 1 ratio | 10.0 | 12.4 | 12.0 |
| Total capital ratio | 14.4 | 17.3 | 16.9 |
| **Performance and efficiency ratios (annualised %)** | | | |
| Return on average shareholders' funds (equity) of the parent company | 7.4 | 3.5 | 10.6 |
| Cost efficiency ratio | 66.2 | 82.0 | 59.2 |

Includes profits for the period to 30 June 2013. Does not include the interim dividend of £750 million declared by the Board of Directors after 30 June 2013.

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| | | There has been no material adverse change in the prospects of the Issuer since 31 December 2012.<br><br>There has been no significant change in the financial or trading position of the Issuer since 30 June 2013. |
| **B.13** | **Recent events:** | Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency. |
| **B.14** | **Dependence upon other entities within the group:** | The Issuer is a wholly owned subsidiary of HSBC Holdings.<br><br>The Issuer and its subsidiaries form a UK-based group (the "**Group**"). The Issuer conducts part of its business through its subsidiaries and is accordingly dependent upon those members of the Group. |
| **B.15** | **The issuer's principal activities:** | The Group provides a comprehensive range of banking and related financial services. The Group divides its activities into four business segments: UK Retail Banking; Continental Europe Retail Banking; Global Banking and Markets; and Global Private Banking. |
| **B.16** | **Controlling persons:** | The whole of the issued ordinary and preference share capital of the Issuer is owned directly by HSBC Holdings. |
| | | **Section C – Securities** |
| **C.1** | **Description of type and class of securities:** | ***Issuance in series*:**<br><br>Notes will be issued in series ("**Series**") which may comprise one or more tranches ("**Tranches**"). Each Tranche issued under a Series will have identical terms, except that different Tranches may comprise Notes in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**"). The issue dates and issue prices under different Tranches may also vary.<br><br>The Registered Notes being issued are Tranche 1, **3,500,000** Notes (USD **22,855,000**) Market Access Notes linked to ordinary shares issued by **KINGDOM HOLDING ORD SHS SAR 10.00** due **January 2017** (the "**Notes**").<br><br>***Form of Notes*:**<br><br>*Registered Notes in global form*:<br><br>Registered Notes will be issued in global form and a combined global registered note will be deposited with and registered in the name of a common depositary (or its nominee) for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").<br><br>***Security Identification Numbers*:**<br><br>The Registered Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and will be allocated the following Security Identification Numbers.<br><br>ISIN Code: XS1013618027 |

| | | |
|---|---|---|
| | | Common Code: 101361802<br><br>SEDOL: BHWR7D9 |
| **C.2** | **Currency of the securities issue:** | The settlement currency of the Notes is USD (the "**Settlement Currency**"). |
| **C.5** | **Free transferability:** | The Notes are freely transferable. However, there are restrictions on the offer and sale of the Notes. The Issuer and HSBC Bank plc (the "**Dealer**") have agreed restrictions on the offer, sale and delivery of the Notes and on distribution of offering materials in Australia, the Dubai International Financial Centre, the European Economic Area, France, Hong Kong, India, Indonesia, Italy, Japan, the Kingdom of Bahrain, Korea, Malaysia, Mexico, New Zealand, Norway, the People's Republic of China, Philippines, Russia, Saudi Arabia, Singapore, Spain, Switzerland, Taiwan, Thailand, The Netherlands, the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom, the United States of America and Vietnam. In addition, investors of the Notes, by their purchase of the Notes, will be deemed to have given certain representations, warranties, undertakings, acknowledgements and agreements. |
| **C.8** | **The rights attaching to the securities, including ranking and limitations to those rights:** | ***Status of the Notes*:**<br><br>The Notes will be direct, unsecured and unsubordinated obligations of the Issuer and will rank equally and without preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (unless preferred by law).<br><br>***Payments at maturity***<br><br>The Notes will have a final redemption amount which is equal to the greater of 0.03 per cent. of their principal amount and the value or level at maturity of the underlying to which the Notes are linked (the "**Final Redemption Amount**") which will be calculated in a different manner depending on whether the Notes are Underlying ETF-Linked Notes, Underlying Fund-Linked Notes, Underlying Index-Linked Notes or Underlying Security-Linked Notes.<br><br>The Notes are Underlying Security-Linked Notes and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the value at maturity of the underlying assets of each Note (shares) ("**Realisable Sale Price Per Note**"). The Realisable Sale Price per Note will be equal to:<br><br>• if the Issuer or any of its affiliate(s) hold the underlying assets and dispose of them, the amount per Note received from such disposal, less any costs and converted into the currency of the Note (if applicable);<br><br>• if the Issuer or any of its affiliate(s) do not hold the underlying assets but is party to a hedge or other arrangement relating to the Notes being redeemed, the effective price at which such hedge or other arrangement was realised or unwound, less any costs and converted into the currency of the Note (if applicable); or<br><br>• if the Issuer or any of its affiliate(s) do not hold the underlying assets nor are party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note a notional, direct holder of the underlying assets of the Notes would receive from disposing of them on maturity, less any costs and converted into the |

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| | | currency of the Note (if applicable).<br><br>If the actual or notional amounts received need to be converted into the currency of the Notes, the rate of exchange used will be either:<br><br>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or<br><br>• if the Issuer or its affiliate(s) has not entered into an exchange transaction, the rate of exchange which a notional, direct holder of the underlying assets of the Notes would be able to obtain.<br><br>***Additional Payments***<br><br>If the Notes are Underlying Security-Linked Notes or Underlying ETF-Linked Notes, then Noteholders will also potentially be entitled to Additional Payments.<br><br>The Notes are Underlying Security-Linked Notes and the Additional Payments payable to Noteholders will be:<br><br>• if the Issuer or its affiliate(s) hold the appropriate underlying assets (that is, the shares or exchange-traded funds), the aggregate amount of the net cash dividend or distribution received;<br><br>• if the Issuer or its affiliate(s) hold a hedge or other arrangement for the purposes of performing its obligations under the Notes, the net cash dividend or distribution equivalent payment received under the hedge or other arrangement;<br><br>• if the Issuer or its affiliate(s) do not hold any of the underlying assets nor are party to a hedge or other arrangement relating to the Notes, the net amount a notional, direct holder of the underlying assets of the Notes would receive by way of cash dividend or distribution; or<br><br>• if a non-cash dividend or distribution is made, the net cash value of such non-cash dividend or distribution or, if the Issuer or its affiliate(s) holds a hedge or other arrangement relating to the Notes, the net cash adjustment or settlement received in respect of such non-cash dividend or distribution under such hedge or other arrangement,<br><br>in all cases, less any costs and converted into the currency of the Note (if applicable).<br><br>If the actual or notional amounts need to be converted into the currency of the Note, the rate of exchange used is either:<br><br>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or<br><br>• if the Issuer or its affiliate(s) has not entered into an exchange transaction, that which a notional, direct holder of the underlying assets of the Notes would be able to obtain. |

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| | | ***Interest Payments*:**<br><br>The Notes do not bear interest.<br><br>***Early redemption for illegality*:**<br><br>If the Calculation Agent determines that the performance of the Issuer's obligations has become unlawful or impracticable in whole or in part for any reason, the Issuer will be entitled to redeem the Notes early and pay the relevant investor an amount per Note equal to the fair market value of such Note or such other amount specified in the relevant final terms ("**Final Terms**").<br><br>***Early redemption for taxation reasons*:**<br><br>If the Issuer were required under the terms and conditions of the Notes (the "**Conditions**") to pay additional amounts in respect of tax, the Issuer may subject to prior notice to the Noteholders, redeem all, but not some only, of such Notes and pay the relevant investor an amount per Note equal to the fair market value of such Note or such other amount specified in the relevant Final Terms.<br><br>***Modification and substitution*:**<br><br>Modifications to the Conditions may be made without the consent of any Noteholders to cure any ambiguity or manifest error or correct or supplement any Conditions provided that: (i) the modification is not materially prejudicial to the interest of Noteholders; (ii) the modification is of a formal, minor or technical nature or is to correct a manifest error or is to comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or (iii) the modification corrects inconsistency between the Conditions and the relevant termsheet relating to the Notes. The Notes permit the substitution of the Issuer with its affiliates without the consent of any Noteholders where the Issuer provides an irrevocable guarantee of the affiliate's obligations.<br><br>***Events of default*:**<br><br>The following events constitute events of default (each, an "**Event of Default**") under the Notes and would entitle the Noteholder to accelerate the Notes: (i) a continuing default in the repayment of any principal due on the Notes for more than 14 days, provided that the reason for non-payment is not compliance with any fiscal or other law or regulation or court order, or that there is doubt as to the validity of such law, regulation or order in accordance with independent legal advice from advisers which is acceptable to HSBC Bank plc, acting in its capacity as principal paying agent (the **Principal Paying Agent**"); or (ii) the passing of a winding-up order in relation to the Issuer. On an Event of Default the Notes will be redeemed against payment of an amount per Note equal to the fair market value of such Note.<br><br>***Meetings of Noteholders***<br><br>The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. |

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| | | ***No guarantee or security*:**<br><br>The Notes are the obligations of the Issuer only and are unsecured.<br><br>***Taxation*:**<br><br>All payments by the Issuer in respect of the Notes will be made without deduction of any United Kingdom taxes unless the Issuer is required by law to withhold or deduct any such taxes. Therefore, Noteholders will be liable for and/or subject to any taxes, including withholding tax, stamp duty, stamp duty reserve tax and/or similar transfer taxes, payable in respect of the Notes.<br><br>***Governing Law*:**<br><br>English law. |
| **C.11** | **Listing and trading:** | Application will be made to admit the Notes to the Official List of the United Kingdom Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange plc. |
| **C.15** | **Effect of value of underlying instruments on the value of the investment:** | The Notes are designed to track the price of the ordinary shares of KINGDOM HOLDING ORD SHS SAR 10.00 (the "**Underlying**") converted into the currency of the Notes (if applicable). The Final Redemption Amount payable on redemption of any Note is linked to a fixed amount of the Underlying by way of a hedge in respect of such fixed amount of the Underlying (whether directly or synthetically). In general, as the price of the Underlying increases or decreases, so will the Final Redemption Amount payable in respect of such Notes. Similarly, changes in the value of the relevant currency rate will change the value of the Notes.<br><br>The quoted price of the Underlying converted into the currency of the Note (if applicable) may diverge from the Final Redemption Amount payable under the Note owing to disparity between any hedge and the Underlying, and to the deduction of costs, such as, amongst other things, brokers fees, transaction processing fees and actual or potential taxes, and including those costs that would be incurred by the Issuer and/or its designated affiliates of hedging the Underlying whether directly or synthetically, and a fee to be retained by the Issuer, the Dealer(s) and/or their affiliates. |
| **C.16** | **Expiration or maturity date of derivative securities:** | The maturity date of the Notes is 09 January 2017 (the "**Maturity Date**"). |
| **C.17** | **Settlement procedure:** | The Notes will be cash-settled.<br><br>All payments to Noteholders will be paid through Euroclear and/or Clearstream, Luxembourg. |
| **C.18** | **Return on securities:** | The Notes are "**Underlying Security-Linked Notes**" and are linked to a single underlying security (the "**Underlying**").<br><br>The Notes are market access products, which are designed for investors who wish to be exposed to fluctuations in the price of the Underlying, but who do not wish to or are not able to hold the relevant Underlying itself. In addition, the Notes are designed to allow investors to get exposure to the Underlying even though it may be priced locally in a less accessible currency or currencies.<br><br>***Payments at maturity***<br><br>The Notes will have a Final Redemption Amount which will be calculated in |

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| | | a different manner depending on whether the Notes are Underlying ETF-Linked Notes, Underlying Fund-Linked Notes, Underlying Index-Linked Notes or Underlying Security-Linked Notes.<br><br>The Notes are Underlying Security-Linked Notes and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the Realisable Sale Price. The Realisable Sale Price per Note will be equal to:<br><br>• if the Issuer or any of its affiliate(s) hold the underlying assets and dispose of them, the amount per Note received from such disposal, less any costs and converted into the currency of the Note (if applicable);<br><br>• if the Issuer or any of its affiliate(s) do not hold the underlying assets but is party to a hedge or other arrangement relating to the Notes being redeemed, the effective price at which such hedge or other arrangement was realised or unwound, less any costs and converted into the currency of the Note (if applicable); or<br><br>• if the Issuer or any of its affiliate(s) do not hold the underlying assets nor are party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note a notional, direct holder of the underlying assets of the Notes would receive from disposing of them on maturity, less any costs and converted into the currency of the Note (if applicable).<br><br>If the actual or notional amounts received need to be converted into the currency of the Notes, the rate of exchange used will be either:<br><br>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or<br><br>• if the Issuer or its affiliate(s) has not entered into an exchange transaction, the rate of exchange which a notional, direct holder of the underlying assets of the Notes would be able to obtain.<br><br>***Additional Payments***<br><br>If the Notes are Underlying Security-Linked Notes or Underlying ETF-Linked Notes, then Noteholders will also potentially be entitled to Additional Payments.<br><br>The Notes are Underlying Security-Linked Notes and the Additional Payments payable to Noteholders will be:<br><br>• if the Issuer or its affiliate(s) hold the appropriate underlying assets (that is, the shares or exchange-traded funds), the aggregate amount of the net cash dividend or distribution received;<br><br>• if the Issuer or its affiliate(s) hold a hedge or other arrangement for the purposes of performing its obligations under the Notes, the net cash dividend or distribution equivalent payment received under the hedge or other arrangement;<br><br>• if the Issuer or its affiliate(s) do not hold any the underlying assets nor are party to a hedge or other arrangement relating to the Notes, the net amount a notional, direct holder of the underlying assets of |

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| | | the Notes would receive by way of cash dividend or distribution; or<br><br>• if a non-cash dividend or distribution is made, the net cash value of such non-cash dividend or distribution or, if the Issuer or its affiliate(s) holds a hedge or other arrangement relating to the Notes, the net cash adjustment or settlement received in respect of such non-cash dividend or distribution under such hedge or other arrangement,<br><br>in all cases, less any costs and converted into the currency of the Note (if applicable).<br><br>If the actual or notional amounts need to be converted into the currency of the Note, the rate of exchange used is either:<br><br>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or<br><br>• if the Issuer or its affiliate(s) has not entered into an exchange transaction, that which a notional, direct holder of the underlying assets of the Notes would be able to obtain.<br><br>***Interest Payments*:**<br><br>The Notes do not bear interest. |
| **C.19** | **Exercise price or final reference price of the underlying:** | The calculations which are required to be made to calculate the Final Redemption Amount will be based on the value of the Underlying determined by the Calculation Agent being HSBC Bank plc. The Calculation Agent will determine the value of the Underlying by reference to the actual or notional value upon disposal or realisation of the Underlying or the value of realising or unwinding a hedge or other arrangement in respect of such Underlying, in all cases deducting costs and converting into the currency of the Note (if applicable). |
| **C.20** | **Type of the underlying:** | Each Series of Notes is linked to the performance of one of the following:<br><br>• a security or basket of securities (together, the "**Underlying Securities**" and each, an "**Underlying Security**") issued by a company or companies (together, the "**Underlying Companies**" and each, an "**Underlying Company**") which is/are listed and/or admitted to trading on one or more stock exchanges (such Notes are referred to as "**Underlying Security-Linked Notes**"); or<br><br>• an index or basket of indices (together, the "**Underlying Indices**" and each, an "**Underlying Index**") being composed of certain securities (together, the "**Reference Securities**" and each, a "**Reference Security**") (such Notes are referred to as "**Underlying Index-Linked Notes**"); or<br><br>• a fund or basket of funds (together, the "**Underlying Funds**" and each, an "**Underlying Fund**") (such Notes are referred to as "**Underlying Fund-Linked Notes**"); or<br><br>• an exchange-traded fund or a basket of funds (together, the "**Underlying ETFs**" and each, an "**Underlying ETF**") which is/are listed and/or admitted to trading on one or more stock exchanges (such Notes are referred to as "**Underlying ETF-Linked Notes**"). |

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| | | The Notes are "**Underlying Security-Linked Notes**", being Notes in relation to which the Final Redemption Amount is linked one security, namely ordinary shares issued by KINGDOM HOLDING ORD SHS SAR 10.00. Such security is the Underlying Security to which the Notes are linked. Underlying Security Notes are also referred to in the prospectus as "**Underlying Equity-Linked Notes**".<br><br>References to "Underlying", either in the singular or plural form, shall refer to any Underlying applicable to a Series of Notes.<br><br>Information on the Underlying can be found on<br><br>KINGDOM AB Equity HP<br><br>KINGDOM AB Equity DES |
| | | **Section D – Risks** |
| **D.2** | **Key risks specific to the issuer:** | ***The Issuer has exposure to the ongoing economic crisis in the eurozone*:** There is potential for contagion from the continued instability in the eurozone from the peripheral to the core eurozone countries, and beyond to trading partners. The Issuer is exposed to institutions and banks which may be affected by sovereign currency or crises.<br><br>***The Issuer has significant exposure to counterparty risk both within the financial sector and to other risk concentrations*:** Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships, which could affect its funding and its ability to manage the risks of its business.<br><br>***Liquidity, or ready access to funds, is essential to the Issuer's business*:** If the Issuer is unable to raise funds, its liquidity position could be adversely affected and the Issuer might be unable to meet deposit withdrawals or obligations under committed financing facilities, to fund new investments or to repay borrowings as they mature.<br><br>***The Issuer's operations are highly dependent on its information technology systems*:** The reliability and security of the Issuer's information and technology infrastructure and the Issuer's customer databases are crucial to maintaining the service availability of banking applications and processes and to protecting the HSBC brand. Critical systems failure, prolonged loss of service or a material breach of security could cause long-term damage to the Issuer's business and brand.<br><br>***The Issuer faces a number of challenges in regulation and supervision and associated regulatory risks*:** The proposals relating to Basel III, the draft legislation proposed by the UK Independent Commission on Banking ("**ICB**") the recommendations of the Liikanen Group and the Capital Requirements Directive IV are likely to have an effect on the activities of the Group. The proposals and finalised legislation relating to capital and liquidity will result in increased capital and liquidity requirements and could have a material effect on the Group's future financial condition or results of its operations. The ICB proposals may affect the manner in which the Group conducts its activities and structures itself, with the potential to both increase the costs of doing business and curtail the types of business carried out, with the risk of decreased profitability as a result. In addition, the new regulatory structure within the UK comprising the Financial Policy Committee ("FPC"), the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") may affect the Bank, and the Group and its activities, in particular as the FPC has the ability to seek additional capital for lending to sectors perceived as higher risk. The FCA has continued to increase its focus on ‘conduct risk’ including attention to sales processes and |

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| | | incentives, product and investment suitability and<br><br>29075-5-119-v0.18 - 63 - 70-40386402<br><br>conduct of business concerns more generally. In conjunction with this focus, the UK regulators are making increasing use of existing and new powers of intervention and enforcement. This may lead to significant costs and liabilities for the Issuer.<br><br>***Regulatory investigations*:** HSBC Holdings has entered into agreements with U.S. and UK government agencies to comply with certain forward-looking obligations with respect to anti-money laundering and sanctions requirements over a five-year term. Failure to comply with the terms of such agreements may have an adverse effect on the Group. In addition, the Group continues to be subject to a number of other regulatory proceedings into certain past submissions made by panel banks in connection with the setting of London interbank offered rates and other benchmark interest and foreign exchange rates and in relation to alleged anti-competitive activity in the credit derivative market<br><br>***Remediation*:** The Group has established customer redress programmes in relation to the possible mis-selling of Payment Protection Insurance policies and interest rate products sold to small businesses. There remains a high degree of uncertainty as to the eventual costs of redress for these matters. |
| **D.6** | **Key risks specific to the securities and risk warning to investors:** | ***Credit risk*:** The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts.<br><br>***The Notes are unsecured obligations*:** The Notes are not secured over any asset. Therefore, the investor would not be able to enforce security as a method of recouping payments due under the Notes if the Issuer were to become insolvent and cease to be able to pay such amounts.<br><br>***The Notes are not ordinary debt securities*:** The Notes do not pay interest and, upon redemption, may return less than the amount invested or nothing. Notes are designed to track the price or level of the Underlying. If the performance of such Underlying does not move in the anticipated direction or if the issuer thereof becomes insolvent, the Notes will be adversely affected and, in a worst case scenario, may become worthless.<br><br>***Payments under the Notes may be delayed*:** Payments to Noteholders which are calculated by reference to hedging arrangements will only be due if the proceeds would have been received by an investor outside the jurisdiction where the Underlying is listed or quoted. There is a risk that limitations on the importation and withdrawal of funds in such jurisdiction could lead to potential delays in payments under the Notes or, in the worst case, the Notes becoming worthless.<br><br>***No ownership rights*:** The Notes do not confer any legal or beneficial interest or any voting or dividend rights in the Underlying or the Reference Securities.<br><br>***There may be no active trading market or secondary market for liquidity for Notes*:** Any Series of Notes may not be widely distributed and there may not be an active trading market, nor is there assurance as to the development |

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| | | of an active trading market. If there is no liquid market, investors may not be able to realise their investment in the Notes until maturity of such Notes or may not realise a return that equals or exceeds the purchase price of their Notes. Notwithstanding the foregoing, the Issuer may issue Notes which provide for certain circumstances where the Issuer and/or Dealer may buy-back such Notes from the Noteholders.<br><br>***Certain factors affecting the value and trading price of Notes*:** The Final Redemption Amount payable under the Notes may be affected by fluctuation in value of the Underlying or the Reference Securities, changes in currency exchange rates or, where applicable, the number and type of Underlyings included in a basket to which the relevant Notes relate.<br><br>***Conflicts of interest may arise between the interests of the Issuer or its affiliates and those of the Noteholders*:** The Issuer or its affiliates may enter into hedging or other transactions (i) relating to Underlyings or the Reference Securities or (ii) with issuers of Underlyings or the Reference Securities. The Issuer or its affiliates may also publish research or other reports relating to Underlyings or the Reference Securities. Any such activities may have a negative effect on the value of Notes relating to such Underlyings. In addition, the Issuer may assume roles as hedging party, service providers or calculation agent in respect of Underlyings which are funds, calculation agent under the Notes or publisher of research reports. In respect of any of these roles the Issuer may have interests that conflict with the interests of Noteholders.<br><br>***Commission and cost of hedging*:** The issue price of the Notes may include the distribution commission or fee charged by the Issuer or its affiliates and the cost or expected costs of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue, the market price of Notes may be lower than original issue price of the Notes. Also, fees, commission and hedging costs may be deducted from the Final Redemption Amount.<br><br>***Exchange rate risks and exchange control risks:*** The Issuer will pay amounts in respect of the Notes in the Settlement Currency. Since the Underlying is referenced in SAR (the "Underlying Currency"), amounts payable under the Notes may be affected by multiple currency conversion costs which may be passed on to investors. Where the Settlement Currency is not the same as the investor's home currency, the realisable value of the investment in the investor's home currency may be at risk from fluctuations in the exchange rate. Government and monetary authorities may impose or modify exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. As a result of such restrictions and controls the Issuer may suspend its obligations to make any payment under any Notes if and for as long as such exchange controls have occurred and are continuing. Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension.<br><br>***Market Disruption Events and Additional Disruption Events*:** In the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange ("**Market Disruption Events**") or a change in applicable laws, hedging disruption, increased costs of hedging, where applicable, an insolvency filing of the issuer of the Underlying or a currency event ("**Additional Disruption Events**"), postponement or adjustment of valuations in case of a Market Disruption Event or adjustment of terms or redemption of the Notes in case of an Additional Disruption Event in respect of such Notes may have an adverse effect on the value of such Notes and/or the Final Redemption Amount. |

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| | | ***Illegality or changes in tax law may cause the Issuer's obligations under the Notes to be redeemed early*:** If the Calculation Agent determines in its sole and absolute discretion acting in good faith that the performance of the Issuer's obligations under any Notes shall have become unlawful or impracticable, or if the Issuer determines that it has become liable for, or payments under the Notes have become subject to, any taxes, the Issuer may redeem the Notes and pay a sum representing the fair market value of the Notes. As a result Noteholders will forgo any future appreciation in the relevant Underlying, may suffer a loss of some or all of their investments.<br><br>***Considerations regarding hedging*:** The value of the Note may not exactly correlate with the value of the Underlying to which the Note relates.<br><br>***Tax risks***: The amount of a payment to the investor under the Notes may be decreased to take into account the effect of taxes on an investment in the Underlying. There is a risk that tax law or practice will change in the future resulting in the imposition of or increase in tax on an investment in, or disposition of the Underlying. This will result in a decrease of the amounts payable under the Notes. Also, investors in the Notes will be obliged to pay all taxes payable in connection with the subscription, purchase or holding of such Note and the payment of the Final Redemption Amount and/or any Additional Payment.<br><br>***Emerging market risks*:** Investors in Notes relating to Underlyings which are issued in or located in or listed on an exchange in an emerging market, namely Kingdom of Saudi Arabia, should be aware that investments in emerging markets, and specifically Kingdom of Saudi Arabia, are subject to greater risks than well-developed western markets. Institutions relied upon for the efficient functioning of capital markets, such as stock exchanges, economic, legal and regulatory institutions, systems for the clearing, settlement and registration of securities, may be less developed. Disclosure standards may be less onerous on issuers and accountancy practices may differ from those which are internationally accepted. Political conditions in certain geographic locations where the issuers of Underlyings may operate may be volatile or unstable, and there could be increased price volatility.<br><br>***Specific risks relating to Underlying Equity-Linked Notes*:** If a Potential Adjustment Event occurs and dilutes the theoretical value of the Underlying or an Extraordinary Event occurs, the Calculation Agent may make corresponding adjustments to the conditions of the Notes which may adversely affect the Final Redemption Amount payable or (in the case of Extraordinary Events) may redeem the Notes; as a result the Noteholder may lose some or all of its investment.<br><br>**Investors may lose the value of their entire investment or part of it, as the case may be.** |
| | | **Section E – Offer** |
| **E.2b** | **Reasons for the offer and use of proceeds:** | Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Notes and thus reasons for the offer and use of proceeds are not required. |
| **E.3** | **Terms and conditions of the offer:** | Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Notes and thus a description of the terms and conditions of the offer is not required. |

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| **E.4** | **Interests material to the issue/offer including conflicts of interest:** | The Issuer or its affiliates may engage in hedging or other transactions involving the relevant Underlying which may have a positive or negative effect on the value of such Underlying and therefore on the value of any Notes to which they relate. Certain affiliates of the Issuer may also be the counterparty to the hedge of the Issuer's obligations under an issue of Notes and the Calculation Agent is responsible for making determinations and calculations in connection with the Notes in its sole and absolute discretion acting in good faith. The Issuer or its affiliates may from time to time advise the issuer or obligors of, or publish research reports relating to, an Underlying. The views or advice may have a positive or negative effect on the value of an Underlying and may be inconsistent with purchasing or holding the Notes relating to such an Underlying.<br><br>Save as disclosed above, no person involved in the issue of the Notes has an interest material to the issue. |
| **E.7** | **Estimated expenses charged to the investor by the issuer or the offeror:** | Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Notes and expenses in respect of the listing of Notes are not charged directly by the Issuer or Dealer(s) to the investor. |